

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA

IN THE MATTER OF:)
)
) CASE NO. BK13-40878-TLS
ARMANDO PORTILLO and)
NORMA PORTILLO,) A13-4026-TLS
)
) CHAPTER 7
Debtors.)
PROGRESSIVE UNIVERSAL)
INSURANCE COMPANY,)
)
Plaintiff,)
)
vs.) 4:13CV3032
)
)
L.P., a minor; ARMANDO PORTILLO,)
individually; NORMA PORTILLO,)
individually; VALLEY AMBULANCE)
SERVICES, INC.; REGIONAL WEST)
MEDICAL CENTER; REGIONAL WEST)
PHYSICIANS CLINIC; NEBRASKA)
DEPARTMENT OF HEALTH AND)
HUMAN SERVICES; MED-TRANS)
CORPORATION; UNIVERSITY)
PHYSICIANS INC.; CHILDREN'S)
HOSPITAL COLORADO; and KIMBALL)
COUNTY HOSPITAL, d/b/a Kimball)
Health Services;)
)
Defendants.)

REPORT and RECOMMENDATION

This matter is before the court on the status reports filed by the Chapter 7 trustee (Fil. No. 3); the plaintiff (Fil. No. 12); and defendants Valley Ambulance Services, Inc. (Fil. No. 5), Regional West Medical Center (Fil. No. 6), and Children's Hospital Colorado (Fil. No. 13).

This case stems from an automobile accident on April 28, 2012, in western Nebraska in which a child was injured. A liability insurance policy was in place on the vehicle involved in the accident. The insurance company filed an interpleader action in federal court on February 11, 2013, for permission to pay the policy limit of \$25,000 into the court pending the determination of how the proceeds should be distributed among the various claimants, whose claims exceed the policy limits. The injured child's parents thereafter filed a Chapter 7 bankruptcy petition on May 6, 2013, which caused the lawsuit to be referred to this court.

By order of the district court, the insurance company had deposited the policy amount with the clerk of the court, had been awarded \$3,906 in fees and costs, and was on the verge of being dismissed from the lawsuit when the bankruptcy case was filed, which stayed everything.

Having reviewed the materials, I respectfully recommend to the United States District Court for the District of Nebraska that it withdraw the reference of this matter for all further proceedings. It does not appear that the automatic stay protecting the debtors will interfere with the adjudication of this lawsuit. If, after the resolution of the litigation, issues arise as to the debtors' interest in any of the proceeds, the Chapter 7 trustee or other party may bring the matter to this court's attention.

The Clerk of the Bankruptcy Court shall process this recommendation pursuant to the local court rules.

DATE: July 8, 2013.

Respectfully submitted,

/s/ Thomas L. Saladino
Chief Judge

Electronic notice given by the Court to:

Renee Eveland
Bradley Boyum
Philip Kelly
Andrew Snyder
Ellen E. Stewart
Stacy C. Nossaman-Petitt
United States Trustee